



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 10, 2009

S. 38

Professional Boxing Amendments Act of 2009

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on May 20, 2009*

SUMMARY

S. 38 would establish the United States Boxing Commission (USBC) within the Department of Commerce (DOC). The commission would protect the safety and interests of boxers and would govern the business of professional boxing by regulating boxing contracts, licensing and registering boxing participants, and issuing guidelines for rating boxers.

Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 38 would cost \$7 million in 2010 and \$34 million over the 2010-2014 period.

S. 38 also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. CBO estimates that this provision would not have a significant effect on direct spending or revenues.

S. 38 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on the state and tribal boxing commissions and the boxing industry. Based on information from industry sources, CBO estimates that the aggregate cost of complying with the mandates would fall below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 38 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					2010-
	2010	2011	2012	2013	2014	2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a						
Estimated Authorization Level	8	8	7	6	6	35
Estimated Outlays	7	8	7	6	6	34

a. S. 38 also could increase direct spending and revenues, but CBO estimates that any such changes would not be significant.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted before the start of fiscal year 2010 and that the necessary amounts will be appropriated at the beginning of each year.

Spending Subject to Appropriation

S. 38 would authorize the appropriation of whatever amounts are necessary to establish a boxing commission to regulate professional boxing. Based on information from the DOC, CBO estimates that implementing S. 38 would cost \$7 million in 2010 and \$34 million over the 2010-2014 period, assuming appropriation of the necessary amounts.

Currently, tribal and state boxing commissions act as governing bodies—issuing licenses, ensuring boxing safety, and monitoring boxing contracts and fights within their jurisdictions. S. 38 would create the USBC, a separate federal entity to govern the sport of boxing with national, minimal standards and requirements for the business of professional boxing. The USBC would not replace state or tribal entities or the activities they undertake; however, the bill would specify minimum safety standards and licensing requirements that those entities must maintain.

United States Boxing Commission. S. 38 would establish the USBC within DOC, headed by a three-person panel and supported by additional staff as necessary to fulfill the requirements of the bill. The USBC would monitor compliance with provisions of the bill that would establish minimum safety standards for matches and would require disclosure of certain medical information. The commission also would issue regulation to establish criteria that sanctioning agencies must use to rate boxers and provisions that must be included in contracts between boxers and managers. Finally, the commission would review contracts for boxing matches and approve certain types of matches before they occur.

CBO estimates that the USBC would employ about 30 people to write regulations, oversee boxing matches, and establish and maintain certain registries. We estimate that hiring and compensating those employees would cost \$4 million in 2010 and \$20 million over the 2010-2014 period. In addition, we estimate that startup and administrative costs of the commission would total \$1 million in 2010 and \$4 million over the 2010-2014 period.

Licensing and Registration. S. 38 would require the USBC to license boxers, managers, and promoters every two to four years. CBO assumes that license fees would be similar to those currently charged by state boxing commissions. The bill would require the USBC to maintain a registry with the names of boxers, managers, promoters, boxing judges, and referees. Based on spending for similar registries, CBO estimates that the cost of developing the boxing registry would be about \$3 million over the 2010-2014 period. We estimate that the licensing fees (considered offsetting collections) would offset the cost of maintaining the registry by about fiscal year 2013.

Medical Registry. S. 38 also would establish a medical registry that would contain information about the health of each boxer, including medical records and incidents of medical suspensions. CBO estimates that developing and maintaining a medical registry would cost about \$2 million in 2010 and about \$7 million over the 2010-2014 period.

Direct Spending and Revenues

S. 38 would place new reporting and administrative requirements on the boxing industry, including state boxing commissions, boxing promoters, sanctioning organizations, and broadcasters. Violations of these new requirements could be prosecuted as criminal acts, for which criminal fines would be assessed. Under current law, collections of such fines are recorded in the budget as revenues, deposited in the Crime Victims' Fund, and later spent. CBO expects that any additional receipts and spending that result from violations of the new requirements would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 38 contains intergovernmental and private-sector mandates, as defined in UMRA, because it would require the state and tribal boxing commissions and the boxing industry to comply with health and safety standards, reporting requirements, and any subpoenas issued by the USBC. The bill also would require the boxing industry to obtain licenses and abide by certain contracting and rating standards. Based on information from industry sources, CBO estimates that the aggregate cost of complying with the mandates would fall below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

Mandates that Apply to Both Public and Private Entities

Health and Safety Standards. The bill would require boxing commissions and the boxing industry to meet additional health and safety standards. It would require boxers to pass medical exams, require commissions to make health and safety disclosures to boxers when they are registered, and expand safety requirements for boxing matches. Information from the Department of Labor and representatives of the boxing industry indicates that state and tribal boxing commissions already regulate boxing matches using standards similar to those required in the bill, and a majority of the boxing industry must already comply with those requirements. CBO therefore expects that any costs associated with additional health and safety measures would be small relative to the annual thresholds.

Reporting Requirements. The bill would require state and tribal boxing commissions, promoters, broadcasters, judges, referees, and sanctioning organizations to report certain information about boxing matches to the USBC. Such disclosures would include information about boxing registries, fees assessed, and other financial information related to boxing matches. Based on information from industry sources, CBO estimates that the cost of reporting such information would be minimal.

Subpoena Authority. The bill would require entities in the public and private sector, if subpoenaed, to attend and provide testimony, evidence, or materials related to any investigations the USBC may conduct. Such a requirement would be an intergovernmental and private-sector mandate as defined by UMRA. CBO expects that the commission would exercise its subpoena power sparingly and that the costs to comply with a subpoena would not be significant.

Mandates that Apply to Private Entities Only

S. 38 would also impose mandates that only affect the boxing industry. Those mandates include licensing requirements, contract standards, and rating guidelines. Based on information from the Department of Labor and representatives of the boxing industry, CBO estimates that the cost to comply with those mandates would be small relative to the annual threshold for private-sector mandates.

Licensing Requirements. The bill would require boxers, managers, promoters, referees, judges, and sanctioning organizations to be licensed by the USBC. According to representatives of the boxing industry, license fees would most likely cost the industry less than \$1 million per year.

Contract Standards and Rating Guidelines. The bill also would require the boxing industry to include standard clauses in contracts and to adopt rating guidelines for boxers. The bill would require that each bout agreement, boxer-manager contract, and promotional agreement contain standard provisions developed by the commission and

that each agreement be filed with the USBC. In addition, sanctioning organizations would be required to adopt guidelines to be established by the USBC for the rating of professional boxers. Because the industry now complies with similar requirements under state regulations, the incremental costs to comply with the mandates would likely be small.

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